



FGUA Lindrick Utility System Fact Sheet

Lindrick System Acquisition

Q: Why did the FGUA purchase Lindrick Utilities?

A: Prior to FGUA ownership, customers faced water pressure problems and numerous service interruptions that occurred without notice. Even so, the utility owner was proposing rate increases in excess of 60%. The Pasco County Board of Commissioners approached the FGUA to negotiate a purchase.

Q: Were customers informed of the acquisition and rate changes before they were approved?

A: Yes. Advertised public hearings were held beginning in November 2009. They included information on proposed rate increases. The FGUA notified the general public, the Gulf Harbors Civic Association as well as home owner associations and condominium management groups before the meetings. Minutes of these public meetings are available online at www.fgua.com, along with acquisition, budget and rate documents.

Q. What is the FGUA and what is the relationship with Pasco County Government?

A: The FGUA is a special purpose unit of local government authorized under Florida Statutes to own, operate and maintain public facilities throughout Florida in partnership with other local governments. The County is part of an Interlocal Agreement with and is a 'Member Government' of the FGUA, holding a seat on the FGUA Board of Directors. The FGUA works closely with Pasco County Utilities to operate, maintain and improve utilities to county standards. Our relationship serves a vital public purpose.

Q: Did the FGUA have customer and community support for the FGUA acquisition and rate changes?

A: Yes. Customers, represented at public meetings by the Gulf Harbors Civic Association, Lindrick-area Home Owner Associations and condominium management groups, were fully aware of and supported the acquisition and proposed rates. The overwhelming majority of those customers preferred the acquisition to remaining with the prior owner. The rates were nearly half of those approved by the Public Service Commission for the previous utility owner.

Q: Wouldn't the utility rates have been less if Lindrick Services Corporation had maintained ownership of the utility?

A: No, not based upon the owner's intent. Lindrick Services Corporation had proposed a 58% increase in rates to the Florida Public Service Commission and had indicated to the FGUA that they were proposing to raise rates as much as 66%. Today, 5 years later, FGUA rates remain less than the increase proposed by Lindrick in 2010.

Q: Does the FGUA gain a profit by purchasing and operating the system?

A: No. The FGUA is a government entity and therefore does not generate a profit. By obligation to bondholders, all utility revenues must be directed to operate, maintain and improve the utility system.

Q: How much did the FGUA borrow for the purchase and did it pay too much?

A: The FGUA negotiated the best possible price to achieve an acquisition and received support from Lindrick customers and Pasco County on an agreed purchase price of \$17.812 million paid to the seller. This equates to the original purchase price of \$16.8 million, \$375K in purchased accounts receivable, \$527K in capital improvement credit and an additional \$110K for capital improvement reimbursements. The FGUA issued bonds for \$24.665 million for the acquisition of the Lindrick System. These costs included the \$17.812 million purchase price, \$849.3K paid for transaction costs, \$3.648 million for capital improvement needs, \$1.632 million for required debt service reserve funds, \$359.9K in costs to issue the bonds, \$301.4K to cover the first interest payment, and a \$62K fee to bond underwriters.

FGUA Rates and Customer Billing

Q: Why are FGUA rates so high compared to Pasco County Utilities?

A: The biggest factor to rates is debt service costs (essentially the loan payment on the bonds). The outstanding Lindrick debt is approximately \$24.6 million with an annual net payment of \$1.9 million, about 42% of the total budget. In addition to debt service costs, the Federal Government reduced the Build America Bonds subsidy in 2013, which make up 21.17% of the total debt, resulting in an \$118,551.72 loss, outside of the FGUA's control.



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Q: Does the FGUA notify customers of rate changes?

A: Yes. State law requires public hearings to set rates with advance notifications to customers and the FGUA goes beyond these requirements providing notification of possible rate increases through legal advertisements in local newspapers, on customers' billing statements, on the FGUA website, and at the local customer service office.

Q: Has the FGUA done anything to reduce costs since acquiring the Lindrick Utility System?

A: Yes. In December 2013, the FGUA analyzed and renegotiated its operations, customer service, and maintenance contracts for all Pasco County systems. In addition, the FGUA renegotiated its Bulk Wastewater Agreement with the City of New Port Richey, reducing rates in 2014 by 4%.

Q: Why doesn't Pasco County just buy the Lindrick System and lower our rates?

A: The system may be acquired by the County at any time provided the County provides proper notice and assumes the remaining debt obligations. Any new owner will need to maintain the same or similar rates unless the debt was absorbed by other utility customers likely by increasing existing customer rates. Recently, FGUA met with Lindrick community leaders, New Port Richey city staff, Pasco County Utilities Staff and Pasco County Commissioner Kathryn Starkey regarding the possibility of the FGUA transferring ownership of the system to the County or City. FGUA stands ready to cooperate fully with any decision the County makes consistent with obligations to bond holders.

FGUA System Improvements

Q: What improvements have occurred since the FGUA gained ownership?

A: The FGUA budgeted \$3.65 million for system improvements in reliability and water pressure. Through Fiscal Year 2014, \$2.92 million has been expended, with \$730,000 remaining at the beginning of Fiscal Year 2015. Projects included improving the Lindrick Water Treatment Plant, switching the treatment process for compatibility with New Port Richey city water supplies, replacement of water mains, development of new emergency service interconnections with the City to ensure adequate back up and fire flow, and prevention of saltwater intrusion in the wastewater system by repairing sewer manholes and sewer lines.

Q: What is the status of odor remediation for the FGUA lift station across the street from Gulf Harbors Civic Center?

As a result of Lindrick customer input, the FGUA conducted a test of the hydrogen sulfide (the cause of rotten-egg odors) and found hydrogen sulfide odors most present in the evening. The FGUA added two carbon filter manhole covers for the manholes near the lift station, and installed a forced air carbon unit this spring. These improvements are expected to reduce odor that occurs when the lift station turns on and aerates wastewater near the manholes.

Q: How is FGUA's customer service and did it improve from 2010?

A: The FGUA's mission focuses on providing excellent water and wastewater utility service to its customers. A comprehensive customer feedback survey is performed every other year, most recently in 2014. The survey results showed 70% of respondents labeled the utility's customer service as "good" or "excellent," 74% of respondents stated they were "satisfied" or "very satisfied" with responses to emergencies and 75% of customers being "satisfied" or "very satisfied" with responses to maintenance requests. The FGUA continually uses this information and daily feedback to improve customer service along with internal key performance measures.

The FGUA introduced several new convenient payment methods to Lindrick customers, including Online Bill Pay and an automated Pay-By-Phone Service. The FGUA also emphasizes customer involvement through increased communication, including appointment of representatives from the Lindrick community to the Pasco Customer Committee. The FGUA has regularly worked with Gulf Harbors Civic Association leadership since November 2014 to address community inquiries. In addition, the FGUA attends community meetings, provides information in billing inserts, and assigns Community Service staff to address significant customer concerns.

Q: What can a customer do if they have issues with their service or want to know more about utility issues?

A: Customers are encouraged to report any issue to the Pasco FGUA Utility Customer Service Office at (727) 372-0115. If you are not satisfied with the service you receive or have additional questions, you are encouraged to contact the FGUA Customer Ombudsman, at (727)372-0115, or by e-mail at pasco@fgua.com.